

No items qualify for the Pollution Control Facilities exemption in and of themselves. No transactions are exempt on the basis of the pollution control exemption unless certifications are obtained as described in 86 Ill. Adm. Code 130.335. This letter discusses dredges. (This is a GIL.)

April 3, 2003

Dear Xxxxx:

This letter is in response to your letter dated December 18, 2002. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), which can be found on the Department's website at www.revenue.state.il.us/Laws/regs/part1200/.

In your letter, you have stated and made inquiry as follows:

Regard this letter as a ruling request concerning the tax exemption status of equipment needed by AAA (not for profit corporation) to remove deposited sediments contained in BBB.

AAA is licensed by the Illinois Environmental Protection Agency Water Pollution Control to operate a water pollution control facility for the disposal of hydraulically dredged material from BBB.

BBB is a basin created by earthen dam construction of CCC. The lake drains into DDD which in turn drains into the River. BBB is no less than four miles from the River.

The lake removes an average of 23,000 cubic yards of non-point sediment from being deposited into the River Basin.

Section 2(a) of the Use Tax Act provides that the purchaser of tangible personal property as pollution control facility is not a purchase use or sale of tangible personal property subject to taxation.

The EPA classification non-point source pollution (sediment) is trapped in the lake basin. The private property AAA has pooled their resources to purchase a dredge. The dredge will remove deposited sediment and transport the sediment to the permitted pollution control facility. The treated sediment is then transported to permanent disposal sites from the pollution control facility. The dredge is the main component of the pollution control facility.

Is the purchase of the dredge exempt under the Act?

For your information, we have enclosed a copy of 86 Ill. Adm. Code 130.335 concerning Pollution Control Facilities. The pollution control facilities exemption extends to "any system, method, construction, device or appliance appurtenant thereto sold or used or intended for the primary purpose of eliminating, preventing, or reducing air and water pollution as the term "pollution" is defined in the Environmental Protection Act (415 ILCS 5/1 et seq.), or for the primary purpose of treating, pretreating, modifying or disposing of any potential solid, liquid or gaseous pollutant which if released without such treatment, pretreatment, modification or disposal might be harmful, detrimental or offensive to human, plant or animal life, or to property."

No items qualify for the Pollution Control Facilities exemption in and of themselves. No transactions are exempt on the basis of the pollution control exemption unless certifications are obtained as described in 86 Ill. Adm. Code 130.335(a) of the Department's rules. Items that can be used in both qualifying and non-qualifying activities must be used in qualifying activities before the exemption has application.

It appears from the information in your letter that the dredge is for the primary purpose of treating, pretreating, modifying or disposing of a potential solid, liquid or gaseous pollutant, which if released without such treatment, pretreatment, modification or disposal might be harmful, detrimental or offensive to human, plant or animal life, or to property. Therefore, the dredge would qualify for the exemption.

I hope this information is helpful. The Department of Revenue maintains a website, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b).

Very truly yours,

Melanie A. Jarvis
Associate Counsel

MAJ:msk
Enc.